



DUANE A. DAVIDSON
State Treasurer

Washington Office of the State Treasurer

March 30, 2020

Meredith Green, President
Washington State Association of County Treasurers
206 10th Avenue SE
Olympia, WA 98501

Dear Meredith,

Thank you for reaching out with your questions regarding property tax collection during the COVID-19 Emergency. As always, we appreciate being included in conversations that affect county treasurers. My office remains available to assist in facilitating necessary conversation to ensure that our counties, and special districts for which the county treasurers act as *ex officio* treasurer, have their needs met, including guidance from the state level.

As you know, each county in Washington has jurisdiction over property taxes in that county. The State Treasurer's Office has no authority or oversight with respect to property taxes in this state. Since each county is different, there is not a one-size-fits-all model that can be applied for property taxes. The counties have the most direct knowledge of their unique needs and I believe jurisdiction over property taxes should remain with the county.

In this time of crisis, each county will be faced with some difficult choices. As you consider making changes to the timing of property tax collections, my staff and I would like to bring a few important points to your attention. As you know, many counties and local governments have issued bonds that are secured by property tax collections. Many of these are voter-approved bonds payable solely by property taxes, and many special purpose districts (e.g. fire districts and school districts) have no tax revenue source other than property taxes. If adjustments to property tax due dates are considered, we suggest that counties making such adjustments work with their special purpose districts to ensure, if possible, that financial resources are in place to make the debt service payments coming due.

We also suggest that local issuers of any bonds or obligations impacted by such action discuss their continuing disclosure obligations with their county's prosecuting attorney or district's local counsel and/or bond counsel, as appropriate, to ensure regulatory compliance is met. While we strongly

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recommend that local issuers discuss this subject with their counsel, I would like to provide a starting point for your consideration. The list of events deemed material by the Securities and Exchange Commission under Rule 15c2-12 is included below for informational and discussion purposes. We hope you find this list helpful. Should any of these events occur, they are required to be disclosed through EMMA within ten (10) business days of occurrence^[1].

1. Principal and interest payment delinquencies;
2. Nonpayment-related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS form 5701 – TEB) or other material notices or determinations with respect to the tax status of the respective series of bonds or COPs, or other material events affecting the tax status of the respective series of bonds(or COPs;
7. Modifications to rights of owners of the bonds and COPs, if material;
8. Bond calls (other than scheduled mandatory redemptions of term bonds), if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing the repayment of the bonds or COPs, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the state;
13. The consummation of a merger, consolidation, or acquisition involving the state or the sale of all or substantially all of the assets of the state, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

^[1] Events #15 and #16 applicable only to Undertakings entered into on or after February 27, 2019. For Undertakings entered into prior to this date, only listed events #1 through #14 apply.

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15. Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

Again, thank you for reaching out to my office with your questions. I stand firm in my belief that Washington is a resilient state and that we will continue to serve our constituents well as we navigate this time. Please share this letter with all county treasurers and WSACT members, and let me know if you or other treasurers have any additional questions. We are here to help.

Thank you.

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Duane A. Davidson